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AD HOC COMMITTEE OF THE WHOLE FOR THE PREPARATION OF THE INTERNATIONAL DEVELOPMENT STRATEGY FOR THE FOURTH UNITED NATIONS DEVELOPMENT DECADE
Fourth session
4-22 June 1990

PROVISIONAL AGENDA

1. Adoption of the agenda.

2. Elaboration of the international development strategy for the fourth United Nations development decade.

3. Adoption of the report of the Ad Hoc Committee.

ANNOTATIONS

1. Adoption of the agenda

In its resolution 43/182 of 20 December 1988, the General Assembly decided to establish an Ad Hoc Committee of the Whole for the Preparation of the International Development Strategy for the Fourth United Nations Development Decade, and requested the Ad Hoc Committee to submit a progress report to the General Assembly for consideration at its forty-fourth session, with a view to finalizing the strategy in time for its adoption in 1990.

The Ad Hoc Committee held an organizational and two substantive sessions during 1989 and submitted a report on its work to the General Assembly at its forty-fourth session. 1/ In its resolution 44/169 of 19 December 1989, the Assembly, inter alia, took note of the report of the Ad Hoc Committee.

The third session of the Ad Hoc Committee was held on 15 January and from 19 to 23 March 1990.

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2. Elaboration of the international development strategy for the fourth United Nations development decade

In its resolution 44/169, the General Assembly recommended that the Ad Hoc Committee adopt the outline contained in the annex to that resolution as the basis for the elaboration of the international development strategy for the fourth United Nations development decade.

At its third session, the Ad Hoc Committee adopted the outline contained in the annex to General Assembly resolution 44/169. At the same session, the Ad Hoc Committee considered the question of the elaboration of the international development strategy for the fourth United Nations development decade and decided to request the Chairman to prepare, with the assistance of the Secretariat, a working document for consideration by the Committee at its fourth session, taking into account the statements and views expressed by Member States and organs, organizations and bodies of the United Nations system during the third session of the Ad Hoc Committee. The Ad Hoc Committee will have before it the above-mentioned working document.

3. Adoption of the report of the Ad Hoc Committee

The Ad Hoc Committee will have before it a draft report on its third and fourth sessions for adoption and submission to the General Assembly at its forty-fifth session.

Notes

1/ Official Records of the General Assembly, Forty-fourth Session, Supplement No. 41 (A/44/41 and Corr.1).

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AD HOC COMMITTEE OF THE WHOLE FOR THE
PREPARATION OF THE INTERNATIONAL
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Fourth session
4-22 June 1990
Item 2 of the provisional agenda*

ELABORATION OF THE INTERNATIONAL DEVELOPMENT STRATEGY FOR THE FOURTH UNITED NATIONS DEVELOPMENT DECADE

Suggestions for an international development strategy

Note by the Secretariat

At the end of its resumed third session in March 1990, the Ad Hoc Committee of the Whole for the Preparation of the International Development Strategy for the Fourth United Nations Development Decade requested the Chairman to prepare, with the assistance of the Secretariat, a working document for consideration by the Committee at its fourth session.

Owing to continued illness, the Chairman was not in a position to devote his full attention to this task. The working document has thus been prepared by the Secretariat. However, the Chairman was kept informed and has agreed to its distribution, on a preliminary basis, as a working document of the Committee (see annex).

The structure of the text is that prescribed in the outline for the strategy approved by the Committee at its third session. Reference is made in the document to sectoral strategies and targets adopted by various bodies in the United Nations system (a list of such strategies and targets is provided in the appendix). More specific mention of such targets may be integrated in the strategy in the course of the Committee's deliberations. The Committee may also wish to make more specific policy recommendations in certain areas.

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* A/AC.232/8.

ANNEX

Working document

I. PREAMBLE

1. In launching the International Development Strategy for the Fourth United Nations Development Decade, Governments reaffirm the individual and collective responsibility vested in them by the Charter of the United Nations to promote economic and social development. They pledge themselves to contribute, according to their abilities, to the common goal of creating a better world, where poverty is reduced, prosperity is widely shared and human dignity is firmly respected.

2. On the eve of the new decade, the human condition remains precarious in much of the world. A large part of the world population lives in abject poverty, hunger, malnutrition, ill-health and ignorance, while a minority lives in affluence, some in wasteful extravagance. Yet, it is not beyond the ability of the people of the world to eliminate hunger and poverty and release the great potential for development that exists on all continents.

3. Momentous political and economic changes are taking place in the world, and the premises for international development co-operation have evolved in response to recent experiences and new challenges. New issues have been added to old ones, but there is also wider agreement on how to face the issues and how to make progress on the many goals that have already been adopted for the year 2000. There is a growing awareness that responsible concern for the future of mankind must transcend narrow national interests.

4. In the 1980s, there was great progress in development in some countries, and serious setbacks in many others. The gap between rich and poor countries widened. One of the challenges to international development co-operation in the 1990s will be to counter these divergencies and, above all, to reverse the negative trends in a large part of the world.

5. On 1 May 1990, at the end of its eighteenth special session, which was devoted to international economic co-operation and development, the General Assembly unanimously adopted a declaration on the broad guidelines for such co-operation in the years ahead (resolution S-18/3). The understandings that received political endorsement at the special session form the foundation for the following strategy for international development in the 1990s, which spells out agreed principles for national and international action.

A. The record and the outlook

6. The 1980s were a decade of unexpected turbulence, great changes in the functioning of the world economy and fundamental reconsideration of economic policies, both in developed and developing countries. The declaration adopted at the eighteenth special session of the General Assembly reflected the major changes

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that took place during that period. The world economy was characterized by unusual instability and a growing dichotomy among countries. The development record was uneven, with remarkable advance in some countries and stark stagnation elsewhere.

7. The industrial countries resorted to monetary restraints in order to check inflationary tendencies stimulated by their expansionary fiscal policies, and the first half of the 1980s was one of global recession. But these countries soon entered a prolonged period of growth.

8. The economic experience of the developing countries was characterized by great diversity, with remarkable progress in some and prolonged stagnation and decline in others. In Asia, growth in the 1980s was faster than before. Per capita output increased by over 7 per cent a year in China, and in the rest of South and East Asia by more than 3 per cent a year. In Latin America, on the other hand, it declined by 1 per cent a year and in sub-Saharan Africa by more than 2 per cent a year. Both continents underwent a prolonged economic crisis of historical dimensions.

9. With so many countries simultaneously falling into serious distress, common external factors obviously played an important role. Changes in the world economy dealt harsh blows to exporters of commodities, which affected developing countries differently, depending on their economic structures. Between 1980 and 1988, the terms of trade of Africa worsened by almost 40 per cent, and those of Latin America by 25 per cent. The terms of trade of South and East Asia declined by some 10 per cent, and those of newly industrializing countries remained unchanged.

10. Thus, the developing countries did not all face the same external environment. Some were more affected by relative commodity price declines than others. Many were also heavily indebted, partly because both they themselves and their creditors expected prices to remain favourable. Such countries were affected by the rise in international interest rates in the 1980s, which produced acute debt-servicing difficulties.

11. The international economy was also changing in important respects. Interdependence among countries increased further and the world's markets came to be more tightly linked. At the same time, large imbalances arose and persisted, especially among the major industrial countries, financial markets became highly volatile and key currencies tended to become seriously misaligned and to fluctuate widely. Risks and uncertainties in the international economy increased.

12. In the early 1980s, world trade was as sluggish as world output. In later years it was remarkably dynamic, but the state of the multilateral trading system continued to raise serious concern. Barriers to trade proliferated, and bilateral approaches to trade policy were widely pursued.

13. In the 1980s, where there was substantial economic growth, social conditions also improved and the number of people living in absolute poverty declined. In the regions and countries where economic conditions stagnated or declined, absolute poverty became more widespread, with social indicators pointing to deterioration or lack of improvement with regard to land ownership, food security, nutrition, infant

mortality, housing, health care, education, the supply of safe drinking-water and sanitation. The erosion of living standards and social services in many countries has rendered some virtually ungovernable. This will make it even more difficult to reverse the trends.

14. By 2000, world population will have increased by 1 billion, reaching 6.2 billion. Some 90 per cent of that increase will be in developing countries, which will add to their populations more than the total population of Europe and North America today. Coping with this staggering increase is a major challenge, slowing it down is an even bigger one. Economic and social development and active population policies have helped to reduce population growth in many countries, but in others population growth is still contributing to poverty, environmental degradation and uncontrolled urbanization.

15. Demographic pressure is likely to produce serious tensions in Latin America and Africa, where the projected rate of growth of the labour force in the 1990s far exceeds the rate at which job opportunities are currently being created. Even in Asia, where fast economic growth created a substantial number of jobs in the 1980s, a large proportion of the labour force is unemployed or underemployed and is likely to remain so in the 1990s unless economic expansion can be accelerated.

16. The process of urbanization will require increasing resources. Urban population in developing countries will expand by about 600 million people. This will translate into major demands for housing and urban infrastructure.

17. The outlook for the developing countries for the 1990s is that if policies are not changed, the patterns of growth and stagnation of the 1980s are likely to continue. The projected growth of per capita output in Latin America is only 1 per cent per year. Projections for sub-Saharan Africa suggest that per capita output may not grow at all and may remain below the level of 1980. In West Asia, the projected growth of per capita output is 1 per cent, and in North Africa 2 per cent. In South and East Asia and China, on the other hand, projected per capita growth is 4 per cent per year. The number of people living in absolute poverty will increase from the already staggering figure of 1 billion.

18. The prospect of another decade of stagnation and development failure is highly alarming. Political tension and instability are bound to increase, and the spill-over effects will affect the entire world community.

B. New opportunities

19. The challenges raised by the present situation and the risk of its continuation are daunting. But new opportunities have arisen, and development in the 1990s will take place in a national and international political framework that differs in important respects from that of earlier decades. The important political events occurring on all continents are all broadly related to development issues and to impatient demands for betterment of the human condition.

20. A common approach to the fundamental nature of economic and social development has come to prevail, one that recognizes that the creative contributions of

individuals and enterprises are as indispensable to development as is the role of government; that the achievement of human rights and freedoms is in the long run inseparable from development; that international development must be accelerated; that the global ecological threats that have become ever more clearly visible must be averted; and that multilateral co-operation must be strengthened because no country can ensure its future by itself.

21. The relaxation of international and ideological tensions will have widespread and far-reaching implications. The reduction in military expenditure and the release of important real resources for civilian purposes is one of them, but more intangible ones may prove even more important: the opening up of trade, investment and cultural exchange, and the abatement of ideological conflicts about economic systems.

22. New growth poles have appeared in the international economy. Economic integration in Western Europe is expected to add new vigour to the area. South and East Asia are likely to retain their recent dynamism.

23. The revolutionary technological advances made in recent times will further shorten the distances between countries and open new opportunities for exchange between peoples. New technologies hold promise for solving the great problems of poverty and will help solve the problems of environmental degradation created by older technologies.

24. Political changes favourable to an improved investment climate, more widespread participation in the political process, and a more careful allocation of resources are occurring in many countries.

25. The present difficulties of many developing countries have arisen in large part from the international debt crisis. Its resolution is essential if sound development finance is to be resumed in the 1990s. The problem is slowly beginning to appear surmountable, as the result of greater convergence in the ongoing debate about its nature and consequences. There is recognition that a reduction of debt and debt service is an important element in the solution of the problem.

26. If these new opportunities are taken into consideration, the outlook for international development in the 1990s is more hopeful. The prospect of stagnation and decline for many countries to which present projections point is not immutable.

27. Economic and social development is the responsibility of each nation, but no country is capable of pursuing its development without participating in the world economy. All countries are linked together by growing economic interdependence. They have international responsibilities when their policies have an impact on the prosperity and development of others and when it is within their means to contribute to the effort to improve living conditions in the world and protect the global environment.

28. The present moment of reorientation and reconsideration of national and international policies throughout the world should be a turning-point for international development co-operation. A commitment on the part of all

Governments to pursue national and international development with the urgency required will strengthen each individual Government in taking the necessary measures.

29. The goals of the International Development Strategy for the Third United Nations Development Decade remain largely unattained. Unforeseen events in the world economy destroyed its main premises, national and international efforts remained inadequate, military conflicts disrupted the foundations of economic and social development and natural calamities took more than their usual toll. The Strategy for the 1990s is flexible and recognizes that the coming years are likely to upset many current expectations. Instead of focusing on rigid targets, it seeks agreement on principles that will remain valid.

II. GOALS AND OBJECTIVES

30. The aim of the Strategy is to improve the human condition throughout the world, reduce the gap between rich and poor countries, attack problems of absolute poverty, enhance the participation of all, protect cultural identities and find ways for the world community to meet the needs of its people without degrading the environment.

31. There is first a need for accelerated and sustained economic growth in the developing countries. The transformation of social and economic structures necessary for the improvement of the human condition will not occur in the absence of broad-based economic growth. But growth will not accelerate without extensive financial rehabilitation in the world economy and strong political commitments.

32. In countries where per capita output has fallen or remained stagnant in the 1980s, it must be raised to a level that substantially exceeds the rate of population growth. For many of these countries, this means a rate of growth of at least 5 per cent a year. Most countries of Latin America and sub-Saharan Africa, and the least developed countries elsewhere, will aim at such a rate of growth as an attainable objective. In countries where the growth of per capita output in the 1980s has been satisfactory, the aim should be to consolidate it. A number of countries have achieved higher rates of growth in the 1980s and may have reached a stage of self-sustaining growth. In a number of other countries that grew quickly in the 1980s, the foundations of growth are still fragile. The maintenance and acceleration of growth will remain an important policy objective in these countries.

33. Growth is only one aspect of the process of economic and social transformation needed for the improvement of the human condition. By itself, it is not enough. Equally critical are the development of human resources, alleviation of poverty and protection of the environment. Developing countries will place these aspects of development, along with accelerated economic growth, at the centre of their development strategies.

34. It is necessary to translate the objectives of the Strategy into sectoral goals and policies for physical infrastructure, agriculture, industry and energy and for such aspects of human development as health, nutrition, education, housing

and employment opportunities, alleviation of poverty and protection of the environment. Sectoral strategies agreed within the United Nations system have laid down specific targets and indicators that provide the basis for the systematic monitoring of economic and social development during the next decade by the relevant organizations.

III. POLICIES AND MEASURES

A. Reactivation and acceleration of growth and development

35. Serious and committed efforts by all countries will be called for to overcome the present barriers to world development and to reverse the adverse trends of the last decade. Special obligations fall on those major industrialized countries that influence the international economic environment by their policies. Only they can bring about a more stable and predictable international economic environment in which development can succeed. This would in particular call for faster non-inflationary growth in these countries and for improvements in policy co-ordination to correct imbalances in trade relationships between countries and reduce fluctuations in key exchange rates. The co-ordination of macro-economic policies should take full account of the interests and concerns of the developing countries. Multilateral surveillance should be made more effective and aim at correcting both external and fiscal imbalances, lowering real rates of interest and making markets more accessible.

36. In developing countries, national policies will be decisive in the reactivation and acceleration of growth and development. If national policies are not development oriented, external support will not produce development.

37. National development policies will be formulated and revised in the light of experience in other countries and the changing situation in each country. There is a need to mobilize and release entrepreneurial initiative. Where appropriate, market mechanisms will be relied on for pricing and resource allocation. Flexibility and structural adjustment will be promoted by policies that relax barriers to the private sector without neglecting the responsibility of the public sector to restrain private monopolies. Fiscal reforms are widely needed to increase government revenue in an equitable manner. Where necessary, legal reforms will ensure the security of property, respect for human rights and the transparency of the legal process.

B. Priority aspects of development

38. The ultimate concern of development is the human condition. The development of human resources - the expansion of the capabilities of the people - is both the means to growth and development and the very objective of development. Developing human resources requires a greater emphasis on education, assurance of a minimum level of nutrition, housing, basic health services, population and employment policies, and broader opportunities for women and men alike to participate in economic and political activities. The combination of these elements will depend

on national priorities. But efforts in these areas are no less essential to development than the construction of roads and industrial plants.

39. Education is critical for development. It satisfies a basic human need and is often the prerequisite for the achievement of other objectives of development. The education and skills of the labour force largely determine a country's competitive strength and its capacity to adjust to new and sophisticated technologies without excessive economic and social costs. In a number of countries expenditure on education declined in absolute or relative terms in the 1980s as the economic situation worsened, and the quality of education deteriorated. Developing countries will seek to reverse this trend and raise the level and quality of education. Emphasis will be given to primary education and the eradication of illiteracy, especially among women; the system of education will be reoriented, where necessary, so that the general level of skill will be raised, modern technology can be absorbed and used, individuals will have a wider range of choices and understanding among peoples will increase.

40. Developing countries will further intensify their efforts to provide basic health services. The emphasis will continue to be on the provision of primary health care. They will design and expand programmes to prevent communicable diseases and provide sanitation, safe drinking-water and nutrition to all sectors of society, especially children and women. The participatory and environmental aspects of health care will be emphasized in the design of these programmes. Urgent steps will be taken to control and prevent AIDS.

41. Issues of population are inextricably linked with those of economic and social development and environment. A national population policy must be formulated within the context of overall development strategies. Countries that see their population growing too rapidly will adopt active policies to reduce the rate of growth. Over half of the developing countries are pursuing such policies, and important lessons have been learnt. Active population and family planning programmes have helped to slow the rate of population growth. The education of women, improved maternity and child care and the strengthening of family planning services in ways suited to the socio-cultural environment of individual countries must be pursued. Careful attention will be given to current and expected urbanization and internal and international migration trends to ensure adequate responses to new demographic conditions.

42. The reduction of absolute poverty will be a major element of development policy. Economic growth and human resources development are essential for reduction of poverty but experience has also shown the need for policies that attack poverty directly. These include policies to increase productive employment, the lack of which is one of the most important causes of poverty, and policies to supply basic food and services to the poorest segments of the society, with food subsidies playing an important role. The elimination of hunger is a priority objective of policies to eradicate poverty.

43. Governments must provide a safety net for the most vulnerable groups. Lessons from the recent past indicate that targeted actions to groups in need are more effective and less costly. Yet, in the long run, the solution lies in the creation

of additional job opportunities in a climate in which individual initiative can flourish.

44. International development must be environmentally sound and sustainable. Growing environmental problems, such as pollution, desertification, deforestation and climatic change, pose a serious threat to the future of the world economy and involve a high cost to future generations. All countries will take effective actions for the protection and enhancement of the environment. This calls for regulations and incentives at the national level and an unprecedented degree of co-operation at the international level.

45. As the major source of global pollution, the developed countries have the main responsibility for taking appropriate measures. But poverty is also a cause of such environmental degradation as desertification and deforestation. A meaningful response to the problems of poverty and environmental degradation in the developing countries will need to encompass effective rural development strategies and careful development and management of natural resources, including water resources. Additional financial resources will have to be channelled to developing countries; the establishment of an international environment fund should be considered. Access to environmentally sound technologies for developing countries will be necessary.

46. Great advances have been made in the past decade in information technologies, robotics and biotechnologies. Innovation aimed at saving materials or substituting new materials for old continues. Many of these developments have great potential for raising the level of output in the developing countries, but they also change the very nature of the infrastructure they require. The diffusion to the developing countries of new technologies is essential for raising their level of output and to sustain their competitive position. This will require great emphasis on technical education and human resource development, as well as technical assistance and the utilization of commercial channels for the import of technology, including foreign direct investment.

47. Many developing countries depend on one or two commodities for the bulk of their exports. Diversification of their economies and increased participation in the processing, marketing and distribution of their commodities are obvious objectives. But the stability of international commodity markets and the broader question of how to derive the best use of their commodity-producing potential will remain issues of overriding priority to many developing countries. In existing schemes for compensatory financing of shortfalls in export earnings, conditionality has reduced automaticity to the point where they no longer serve their intended contracyclical function; this function needs to be restored. The agricultural policies of industrial countries that maintain producer prices in excess of world market levels inflict very large losses on developing countries and should be phased out in the course of the decade.

48. The international trading system is the pillar of the interdependent world economy and seeks to establish conditions of openness and fairness in the interest of all countries. The Uruguay Round aims at strengthening the system, which is essential for progress in the 1990s. Many new issues reflect the changing nature

of the world economy, such as the new importance of trade in services or in intellectual property. These will stay on the international agenda in the next decade. But the strengthening of the trading system also requires the resolution of a number of old issues, some of which are of special interest to the developing countries. In particular, in the coming decade standstill and rollback commitments should be honoured, trade in agriculture and textiles should be brought under the purview of normal GATT rules, the generalized system of preferences (GSP) should be consolidated, and arrangements for effective multilateral surveillance of trade policies should be made. The rule of law must be upheld in the face of the emergence of large trading blocs.

49. Developed countries should ensure that their integration will not raise additional barriers to developing countries. Developing countries should liberalize their trade régimes in ways consistent with their short-term development objectives and their long-term objectives of integration with the international economy. Effective implementation of the generalized system of trade preferences among developing countries should create trade opportunities among those countries and promote more rapid industrialization.

50. It should be the aim of developing countries to increase food output faster than population, which would mean a rate of growth of food output of 3 to 4 per cent or more. For many countries, this will require great effort. It is important to recognize the linkages between the development of agriculture and that of the other sectors of the economy. In the export sector, it is necessary to maintain competitiveness and realistic exchange rates. The external environment must also be conducive to growth of agricultural exports from developing countries. Much will depend on the success of the current multilateral trade negotiations in liberalizing trade in agriculture.

51. Government-controlled agricultural prices in developing countries have in the past often been set at levels offering inadequate incentives to farmers. But proper pricing must be a part of a package of policies that also provide infrastructure and inputs and ensure adequate supply of manufactured consumer goods to farmers. The key constraints to agricultural development vary among countries and the design of national policies must take into account the country's special characteristics.

52. The importance of agricultural development extends beyond the need for increased output. In many countries, agriculture and rural development have a central role in the attainment of major objectives of economic and social development, such as food security, adequate nutrition, alleviation of poverty, human resource development and preservation of the environment.

53. However essential agricultural progress is in countries with heavily rural populations, it is equally clear that industrialization is indispensable to a balanced process of increased productivity and growth.

54. The viability of the industrialization process will largely depend on the link of industry with other sectors of the economy, especially agriculture. The most important form of support that agriculture provides to industry is growing rural

income to buy domestic manufactured products. If industrial production is largely based on imported inputs, the industrial sector should be able to finance these imports at least partly by exporting manufactures, especially in countries where exports of primary commodities cannot finance such imports. This often requires outward-looking industrialization policies, particularly for countries with small domestic markets.

55. The emphasis of industrialization policy in developing countries has to be on the creation of conditions for successful initiative and innovation. Physical infrastructure is essential, but so are policies that promote enterprise, a supportive role for the public sector, development of managerial skill, which is often a scarce resource, and the creation of a skilled labour force.

56. An adequate supply of energy at stable prices is also a key ingredient of successful industrialization. Efforts to increase domestic energy supplies - including those from new and renewable energy sources - will be an important policy objective of national strategies.

C. The need to take account of different requirements, situations and problems, including those of the least developed countries

57. For the poorest countries in the world, development has been elusive and is particularly difficult to start up. They languish at low levels of income, they have a weak physical and social infrastructure, they are overwhelmingly dependent on primary production, their populations are growing rapidly and many are vulnerable to natural disasters. The United Nations has classified 42 countries, most of them in sub-Saharan Africa, as least developed countries. Some of them have the additional handicap of being land-locked or small island (sea-locked) economies.

58. In the 1980s the per capita income of the least developed countries declined by around 0.3 per cent a year. Projections suggest that it will remain at the same level at the end of the 1990s as at the beginning of the decade, unless very great changes come about.

59. The need to activate growth and development in the least developed countries should receive special attention from the international community.

[The Strategy is expected to endorse the outcome of the Second United Nations Conference on the Least Developed Countries, to be held in September 1990.]

60. A number of island and land-locked countries outside the group of least developed countries remain handicapped by their special situations. Apart from weaknesses of infrastructure, these economies suffer from lack of easy access to world markets and are constrained by the smallness of their domestic markets. Many of them are frequently subject to natural calamities. International efforts to help the land-locked and island economies surmount these handicaps have so far been inadequate and will be strengthened.

D. Development financing

61. The foreign debts of countries in Latin America and Africa, and some other countries as well, could not be serviced in the 1980s, contrary to their own and their creditors' expectations. This has paralysed their development for many years. It has imposed a heavy cost not only on them but also on the world community. Progress has been made towards a realistic handling of these situations, and a rapid move towards an early and lasting solution is essential if progress in the next decade is not to be stultified in the many countries burdened by past debt. An international body should be designated to facilitate the consolidation of external debts on a realistic basis, permitting prompt restoration of creditworthiness and resumed growth.

62. The reactivation of growth in countries that have stagnated or declined in recent years will, in addition to careful attention to economic management and human resource development, require that investment, which has dwindled in the 1980s, is restored to a reasonable level. In other developing countries too, large needs of infrastructure, human resources development, agricultural modernization, industrialization and environmental protection will give rise to large investment requirements. Ensuring adequate finance for development is a pivotal issue in a strategy for the 1990s. It is also one of the most difficult, as the outlook at the opening of the decade is very mixed. Creditworthy developing countries will have access to external finance in the 1990s, but the sources of finance for those in greatest distress have dried up.

63. Domestic savings will have to meet the bulk of development needs, as they have in the past. In the open and globalized financial market of today, adequate incentives and security are also necessary to keep private savings from flowing abroad. But in countries with great debt-servicing difficulties, savings in the 1980s were used to service external debt. For them, the problem of resources for investment is the other side of the debt problem and the net negative transfer of financial resources. Their principal source of development finance has to be debt relief in sufficient measure to enable them to come back on a growth path.

64. The abrupt fall in the rate of capital formation in many developing countries in the 1980s was essentially due to the cessation of bank lending and the consequent shift in net financial transfers. The net inflow of $50 billion in 1981 turned negative in 1983, and the net outflow has been $35-45 billion a year since 1987. To restore a positive net transfer and support the necessary recovery, net official flows of capital and grants from all sources, which remained virtually constant at a level of $35 billion, should grow by at least 15 per cent a year in the first half of the 1990s.

65. In the financial turbulence of the 1980s, official development assistance (ODA) proved, in spite of its modest amounts, to be an essential force, maintaining a steady inflow of resources into countries in great need of them. Aid programmes of donor countries seem to have been less influenced by the international target than by other domestic and international political factors, and only a few countries have reached or exceeded that target. At the present time, however, opportunities are opening up for a broadening of development co-operation in

countries that are tackling their problems in new ways, and for new programmes in countries emerging from long periods of war and disruption. Global environmental concerns also raise new opportunities for supporting developing countries in efforts to spare not only their local environment but also the global biosphere. The ODA target of 0.7 per cent of GNP therefore remains meaningful and should be reaffirmed. Donor countries should speedily implement their undertakings to reach this target, as well as the 0.15 target for aid to the least developed countries.

66. Many Governments which spend large sums on military defence have come to realize that the threats to their security now arise from poverty and hopelessness in the many countries where living conditions steadily worsen. The relative magnitudes of the use of public funds are staggering. Against over $800 billion spent on arms and troops, $50 billion are spent on development assistance. Some of the savings arising from disarmament should be decisively directed towards development objectives.

67. The role of the multilateral financial institutions should be enhanced. Their resources have been falling behind the growth of the world economy and need to be greatly enlarged to enable them to play the part in development finance, structural adjustment and debt consolidation that their unique organizational capacity warrants. Their role in support of debt and debt-service reduction should be strengthened. The recent decision to increase the quota of the International Monetary Fund (IMF) will enhance the organization's capacity to support growth-oriented adjustment programmes and should be speedily implemented.

68. The net lending of the World Bank and regional development banks was by the late 1980s negligible for a large number of developing countries. To make an impact on countries undertaking reforms and trying to increase investment, net flows will have to increase substantially, particularly during the first half of the decade.

69. Foreign direct investment will play a more important role in international development in the future than it has. Although it is likely to remain small in relation to other financial flows, it responds to vital needs for technology and access to markets. It requires growth prospects, international creditworthiness and an appropriate investment climate. An international understanding on a régime for foreign direct investment should be established in the coming decade.

70. The last decade demonstrated that measures to promote the financing of international development are easily nullified by adverse movements of commodity prices, which can suddenly worsen the financial position of exporting countries by a multiple of its capital inflows. Compensatory financing will be essential even if the turbulence of the past is not repeated. In the 1980s, the arrangements for such financing proved quite inadequate. Progress has been made in widening the range of shortfalls qualifying for assistance in IMF, but this and other mechanisms should be reviewed to ensure their capacity to meet the situations that must be anticipated in the new decade.

IV. THE ROLE OF UNITED NATIONS ORGANIZATIONS AND BODIES

71. Special responsibility for a determined pursuit of the goals and objectives of development falls on the United Nations system. The programmes, strategies and targets that have been adopted to achieve significant progress by the year 2000 in such areas as health and education, trade and finance, agriculture and industry must be pursued with determination and with the full support of Member States.

72. The activities of the vast network of organizations and bodies that make up the United Nations system also stand in need of greater co-ordination. The work of the international system should be given greater coherence through closer inter-agency co-operation. The Strategy constitutes an initial framework for such a task. A review should be undertaken of the need and opportunities for substantial reorganization of the system in order to make it more responsive to the rapidly changing demands of the world community.

V. REVIEW AND APPRAISAL

73. Past experience suggests that a traditional review and appraisal of the implementation of the Strategy towards the end of the decade, with a mid-term review in 1995, may be too rigid. It must be expected that conditions in the course of the decade will change in ways that cannot now be foreseen. There is a strong case for permanent monitoring, allowing for amendment and modification of the Strategy when necessary. A permanent monitoring machinery is already in place: the various organizations of the United Nations system and the regional commissions issue annual reports that, in effect, monitor progress in every area of international development. Governments participate in numerous debates in specialized agencies, the Economic and Social Council and the General Assembly, in which progress in international development is a major theme. Review and appraisal is thus already built into the procedures of the United Nations.

74. In view of this ongoing process, which essentially ensures a continuing and up-to-the-moment assessment of the situation, there is little purpose in providing for new mechanisms for review and appraisal, whether at mid-term or the end of the decade.

75. At the end of the Third United Nations Development Decade, the review and appraisal originally anticipated was essentially merged with the discussions of the strategy for the next decade. This was a realistic approach that should be followed in the future.

APPENDIX

A great number of sectoral strategies, plans and declarations contain both quantitative and qualitative targets for the year 2000. These strategies and targets have been adopted at world conferences, by various United Nations bodies and by the General Assembly itself. The following list of strategies, plans, declarations and targets is not exhaustive. It is preliminary and subject to change.

1. Global Strategy for Health for All by the Year 2000 (1981), targets for 2000:

   All people in every country will have at least ready access to essential health care and to first-level referral services;

   Safe drinking-water and sanitation will be available to all people;

   All people will be adequately nourished;

   All children will be immunized against the major infectious diseases of childhood;

   Communicable diseases in the developing countries will be of no greater public health significance in the year 2000 than they are in developed countries in the year 1980;

   Essential drugs will be available to all.

2. Amsterdam Declaration on a Better Life for Future Generations (1989):

   Increase in female literacy to at least 70 per cent and universal enrolment of girls in primary school by 2000;

   Increase in contraceptive prevalence in developing countries so as to reach at least 56 per cent of women of reproductive age by the year 2000;

   Increase in the average life expectancy at birth to 62 years or more for men and women in high mortality countries by 2000;

   Reduction in the average number of children born per woman commensurate with achieving, as a minimum, the medium variant population projections of the United Nations.

3. WHO/UNICEF Common Goals for the Health of Women and Children by the Year 2000 (1989):

   Reduction by 50 per cent from 1980 levels of maternal mortality rates;

   Reduction of 1980 infant mortality rates by at least half or to 50 per 1,000 live births, whichever is the greater reduction;

Reduction of 1980 under-five mortality rates by at least half or to 70 per 1,000 live births, whichever is the greater reduction;

Achievement of universal primary education and 80 per cent female literacy;

Access by all couples to information and services for child spacing;

Reduction of the rate of low birth weight (2.5 kg) to less than 10 per cent;

Virtual elimination of severe malnutrition in children under five years, and reduction by half of moderate malnutrition.

4. World Conference on Education for All (1990).

5. Strategies for Children in the 1990s (1989):

Reduction of infant mortality rates and under-five mortality rates in all countries by 50 per cent, or to 50 and 70 per 1,000 live births respectively, whichever is less;

Reduction of the maternal mortality rate by 50 per cent and, after the achievement of those goals, the continued reduction of infant, child and maternal mortality rates by at least 3.5 per cent annually;

Virtual elimination of severe malnutrition and a 50-per-cent reduction of moderate malnutrition;

Universal access to safe drinking-water and sanitary means of excreta disposal;

Universal basic education for children and accelerated adult literacy programmes, especially for women;

Improved protection of children in especially difficult circumstances.

6. Convention on the Rights of the Child (1989).

7. Nairobi Forward-looking Strategies for the Advancement of Women (1985).

8. International Drinking Water Supply and Sanitation Decade (1980):

Universal access to safe drinking-water and sanitation by 2000.

9. World Conference on Agrarian Reform and Rural Development Programme of Action (1979).

10. Global Strategy for Shelter to the Year 2000 (1988):

    Provision of adequate and affordable shelter for all;

    Eradication of homelessness.

11. World Decade for Cultural Development (1986).

12. Environmental Perspective to the Year 2000 and Beyond (1987).

13. International Decade for Natural Disaster Reduction (1989).

14. Plan of Action to Combat Desertification (1977).

15. Tropical Forestry Action Plan (1985):

    Co-ordination of human needs, environmental management and sustainable forest development.

16. Montreal Protocol on Substances that Deplete the Ozone Layer (1987):

    Reduction of the production and consumption of harmful chlorofluorocarbons by 50 per cent in the industrial countries by 1999.

17. Helsinki Declaration on the Protection of the Ozone Layer (1989):

    Phase-out of ozone-depleting chlorofluorocarbons by 2000 or sooner, if possible.

Many of the above-mentioned strategies, plans, declarations, decades and targets aim at reducing poverty, and the overall goal of reducing by half the number of people living in extreme poverty and eliminating its worst manifestations by 2000, as proposed in the Secretary-General's report to the General Assembly at its eighteenth special session, seems to embrace their essential thrust.